

ACCESS SERVICE

21. Contract Tariffs (Cont'd)21.66 Contract Tariff Option 65 (Cont'd)

(N)

(G) Quarterly Review; Calculation and Payment of Billing Credits
(Cont'd)

(1) (Cont'd)

(c) Calculation of Benchmark Average Revenues (Cont'd)

(iii) Illustrative Example:

Assume the following information for all scenarios in this
Section 21.66(G)(1)(c)(iii):

	DS1 ARPU	DS3 CLS ARPU
Billed Qualifying Service Revenue	\$5,000,000; \$5,000,000; and \$5,000,000	\$2,000,000; \$2,000,000; and \$2,000,000
Billed Qualifying DS3 CLS Revenue from FMS USOCs	N/A	\$10,000; \$10,000; and \$10,000
Billed FMS Revenue	\$5,000,000; \$5,000,000; and \$5,000,000	
Billed FMS Revenue Allocation Percentage	34.21%	36.08%
Billed Qualifying Service Units (includes both Billed DS1 Units with Mileage and Billed DS1 Units without Mileage)	25,000; 25,000; and 25,000	1,100; 1,100; and 1,100

Scenario 1: DS1 ARPU would be calculated as follows:

Step 1: Total Billed Qualifying DS1 Service Revenue is
\$15,000,000 (\$5,000,000 * 3).

Step 2: Billed FMS Revenue is \$15,000,000 (\$5,000,000 * 3).

Step 3: Billed FMS Revenue allocated to DS1 transport and
multiplexing is \$5,131,500 (\$15,000,000 * 34.21%).

Step 4: Total DS1 Revenue is \$20,131,500 (\$15,000,000 +
\$5,131,500).

Step 5: DS1 Billed Units are 75,000 (25,000 * 3).

Step 6: DS1 ARPU is \$268.42 (\$20,131,500/75,000).

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21. Contract Tariffs (Cont'd)21.66 Contract Tariff Option 65 (Cont'd)

(N)

(G) Quarterly Review; Calculation and Payment of Billing Credits
(Cont'd)

(1) (Cont'd)

(c) Calculation of Benchmark Average Revenues (Cont'd)

(iii) (Cont'd)

Scenario 2: DS3 CLS ARPU would be calculated as follows:

Step 1: Total Billed Qualifying DS3 CLS Service Revenue exclusive of amounts billed to FMS USOCs is \$5,970,000 ($(\$2,000,000 * 3) - \$10,000 * 3$).

Step 2: Billed FMS Revenue is \$15,000,000 ($\$5,000,000 * 3$).

Step 3: Billed FMS Revenue allocated to DS3 CLS transport and channel terminations is \$5,412,000 ($\$15,000,000 * 36.08\%$).

Step 4: Total DS3 CLS Revenue is \$11,382,000 ($\$5,970,000 + \$5,412,000$).

Step 5: DSL CLS Billed Units are 3,300 ($1,100 * 3$).

Step 6: DS3 CLS ARPU is \$3,449.09 ($\$11,382,000 / 3,300$).

(d) Calculation of Quarterly DS1 Flat Rate Credit

Customer will receive the applicable discounted flat rate pricing for all Billed DS1 Units with Mileage and all Billed DS1 Units without Mileage during each Quarter of each Plan Year of the Service Period. The Billed DS1 Units with Mileage and Billed DS1 Units without Mileage shall be billed on a monthly basis at the applicable tariff rates, and the Telephone Company shall provide the Quarterly DS1 Flat Rate Credit equal to the difference between the tariff rates and the pricing set forth herein:

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21. Contract Tariffs (Cont'd)21.66 Contract Tariff Option 65 (Cont'd)

(N)

(G) Quarterly Review; Calculation and Payment of Billing Credits
(Cont'd)

(1) (Cont'd)

(d) Calculation of Quarterly DS1 Flat Rate Credit (Cont'd)

(i) Example of Calculation of Quarterly DS1 Flat Rate Credit:

Assume the following information for Quarter 1 of Plan Year 3:

	Quarter 1 of Plan Year 3
DS1 ARPU	\$268.42
Billed DS1 Units with Miles	18,000; 18,000; and 19,000
Average DS1 Mileage	15.00
Billed DS1 Units without Miles	7,000; 7,000; and 6,000
Total Billed Qualifying DS1 Service Revenue	\$15,000,000

Based on the above assumptions:

Step 1: The Plan Year 3 flat rate for DS1 Units with Miles is \$152.14 ($\$268.42 \times 49.43\% \times 114.67\%$).

Step 2: The Plan Year 3 flat rate for DS1 Units without Miles is \$132.68 ($\$268.42 \times 49.43\%$).

Step 3: The total Billed DS1 Units with Miles for the Quarter are 55,000 (18,000 + 18,000 + 19,000).

Step 4: The total Billed DS1 Units without Miles for the Quarter are 20,000 (7,000 + 7,000 + 6,000).

Step 5: The Quarterly DS1 Flat Rate Credit due under this Option 65 equals \$3,978,700 ($\$15,000,000 - ((20,000 \times \$132.68) + (55,000 \times \$152.14))$).

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21. Contract Tariffs (Cont'd)21.66 Contract Tariff Option 65 (Cont'd)

(N)

(G) Quarterly Review; Calculation and Payment of Billing Credits
(Cont'd)

(1) (Cont'd)

(e) Calculation of Quarterly DS3 CLF Flat Rate Credit

Customer will receive the applicable discounted flat rate pricing set forth in this Option 65 for all Billed DS3 CLF Units during each Quarter of each Plan Year of the Service Period. The Billed DS3 CLF Units shall be billed on a monthly basis at the applicable tariff rates, and the Telephone Company shall provide the Quarterly DS3 CLF Flat Rate Credit, which shall be a contra credit (i.e., debit) equal to the positive difference between the tariff rates and the pricing set forth herein.

(i) Example of Calculation of Quarterly DS3 CLF Billing Credit:

Assume the following information for Quarter 1 of Plan Year 3:

	Quarter 1 of Plan Year 3
DS3 CLS ARPU	\$3,449.09
Billed DS3 CLF Units	1,000; 1,000; and 1,000
Total Billed Qualifying DS3 CLF Service Revenue	\$3,000,000

Based on the above assumptions:

Step 1: The Plan Year 3 flat rate for DS3 CLF Units is \$1,117.52 ($\$3,449.09 \times 53.02\% \times 61.11\%$).

Step 2: The total Billed DS3 CLF Units for the Quarter are 3,000 ($1,000 + 1,000 + 1,000$).

Step 3: The Quarterly DS3 CLF Flat Rate Credit due under Option 65 equals $(\$352,560) (\$3,000,000 - (3,000 \times \$1,117.52))$.

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21. Contract Tariffs (Cont'd)21.66 Contract Tariff Option 65 (Cont'd)

(N)

(G) Quarterly Review; Calculation and Payment of Billing Credits
(Cont'd)

(1) (Cont'd)

(f) Calculation of Quarterly DS3 CLS Flat Rate Credit

Customer will receive the applicable discounted flat rate pricing set forth in this Option 65 for all Billed DS3 CLS Units during each Quarter of each Plan Year of the Service Period. The Billed DS3 CLS Units shall be billed on a monthly basis at the applicable tariff rates, and the Telephone Company shall provide the Quarterly DS3 CLS Flat Rate Credit, equal to the difference between the tariff rates and the pricing set forth herein.

(i) Example of Calculation of Quarterly DS3 CLS Billing Credit:

Assume the following information for Quarter 1 of Plan Year 3:

	Quarter 1 of Plan Year 3
DS3 CLS ARPU	\$3,449.09
Billed DS3 CLS Units	400; 500; and 600
Total Billed Qualifying DS3 CLS Service Revenue	\$4,350,000

Based on the above assumptions:

Step 1: The Plan Year 3 flat rate for DS3 CLS Units is \$1,828.71 ($\$3,449.09 \times 53.02\%$).

Step 2: The total Billed DS3 CLS Units for the Quarter are 1,500 (400 + 500 + 600).

Step 3: The Quarterly DS3 CLS Flat Rate Credit due under Option 65 equals \$1,606,935 ($\$4,350,000 - (1,500 \times \$1,828.71)$).

(g) Application of Billing Credits to CABS Bill

The Telephone Company shall provide the net Billing Credit for each Quarter on Customer's CABS billing by no later than sixty (60) days following the end of the applicable Quarter.

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21. Contract Tariffs (Cont'd)21.66 Contract Tariff Option 65 (Cont'd)

(N)

(G) Quarterly Review; Calculation and Payment of Billing Credits
(Cont'd)

(1) (Cont'd)

(g) Application of Billing Credits to CABS Bill (Cont'd)

(i) Continuing the Examples Preceding in Calculating the net Billing Credit for Quarter 1 of Plan Year 3:

Based upon a Quarterly DS1 Flat Rate Credit of \$3,978,700, a Quarterly DS3 CLF Flat Rate Credit of (\$352,560), and a Quarterly DS3 CLS Flat Rate Credit of \$1,606,935, in each case for Quarter 1 of Plan Year 3, the net Billing Credit for Quarter 1 of Plan Year 3 equals \$5,233,075 (\$3,978,700 - \$352,560 + \$1,606,935).

(h) Annual True Up

After the end of each Plan Year, the Telephone Company will perform a true-up to determine whether Customer qualified for any Billing Credits Customer received for that just-completed Plan Year based on Customer's overall annual performance under Option 65. If Customer's Billed Qualifying Service Revenues for the Plan Year just completed are less than the TDM Annual Revenue Commitment, then the Telephone Company will issue to Customer's applicable account(s) a debit equal to (i) the TDM Annual Revenue Commitment minus (ii) the aggregate Billed Qualifying Service Revenues for the just-completed Plan Year.

(H) Disputes

Notwithstanding any other provisions of this Option 65, the Telephone Company's calculation of the Billing Credits shall be subject to the following additional requirements (as well as other terms of this Option 65):

- (1) The Telephone Company shall not include in the calculation of the Billing Credits any amounts which are unpaid and/or disputed by Customer as of the thirtieth (30th) day following the end of each Quarter. For example, assume that Customer had MRCs that were billed in Quarter 1 of \$3,000,000. Assume further that Customer disputed and did not pay \$450,000 of such billed MRCs. Hence, in calculating the Billing Credit (as set forth in (G) preceding), the MRCs would be calculated as \$2,550,000 (\$3,000,000 - \$450,000).

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21. Contract Tariffs (Cont'd)21.66 Contract Tariff Option 65 (Cont'd)

(N)

(H) Disputes (Cont'd)

- (2) For the purpose of calculating the Billing Credits, the Telephone Company shall not include in MRCs any credits or debits for Services provided during any prior periods (regardless of whether such credits or debits were the result of a valid dispute by Customer or were the result of a billing error by the Telephone Company) or any prior Quarter other than the then current Quarter for which the Billing Credits are being calculated. For avoidance of doubt and as an illustrative example, assume that Customer had MRCs for DS1 Services which were billed in Quarter 1 of \$4,000,000. Assume further that Customer disputed and did not pay \$300,000 of such billed MRCs. Hence, in calculating the Quarterly DS1 Flat Rate Credit, the MRCs would be calculated as \$3,700,000 (\$4,000,000 - \$300,000). Assume further that in Quarter 2, the Telephone Company and Customer agree that such billing was partially in error and that Customer should have received a credit of \$200,000 for DS1 Services. Then, in Quarter 2, the Telephone Company shall not include such credit adjustment of \$200,000 nor the subsequent debit of \$100,000 for purposes of calculating Customer's Quarterly DS1 Flat Rate Credit in Quarter 2.
- (3) To the extent that Customer has any disputes, then Customer must submit such disputes to the Telephone Company no later than the thirtieth (30th) day following the end of each Quarter. Each dispute must be submitted on a claim description form as provided by the Telephone Company and must clearly state next to the circuit ID and amount under dispute the following: "Dispute Associated with 2014 Contract Tariff".
- (4) If the Telephone Company bills amounts after the determination of the Billing Credits that would have otherwise been included in the determination of the Billing Credits, there in no event will be any adjustment to the Billing Credits.
- (5) Any amounts or Services that are included in calculation of the Billing Credits will not be subject to any claims or disputes by Customer at any time in the future.
- (6) The Billing Credits as determined by the Telephone Company are not subject to dispute; provided, however, that the foregoing prohibition against disputes shall not be deemed (i) to preclude any debit issued pursuant to an annual true-up under (G)(1)(h) preceding, or (ii) to apply in a situation where the Telephone Company applies a Billing Credit that does not match the mutually agreed upon credit amount. For the avoidance of any doubt, the Telephone Company will not issue any Billing Credits until the applicable credit amount is agreed to by Customer.
- (7) The amount of the Billing Credits shall in no event be subject to any late payment, interest or penalty as set forth in Section 2.

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21. Contract Tariffs (Cont'd)21.66 Contract Tariff Option 65 (Cont'd)

(N)

(I) Access Planning Tools

Customer agrees to use commercially reasonable efforts to implement into its network access planning tools the flat rates for Service circuits provided under this Option 65. If such flat rates for such Services are not available to Customer, then Customer may remove such discounted pricing from its network access planning tools.

(J) Mergers and Acquisitions

In the event that after the effective date of Option 65, the Customer merges with another company, acquires a company or a portion of the business of another company which may be referred to collectively as the **Customer Acquired Properties** and such merger or acquisition may be referred to in either case as an **Acquisition**, and the Telephone Company provides any Qualifying Services in connection with such Customer Acquired Properties, then Customer shall notify the Telephone Company prior to the closing of the Acquisition (the **Acquisition Closing Date**) and the Parties shall determine whether such Customer Acquired Properties shall be included in or excluded from Option 65 in accordance with (J)(1)-(6) following.

(1) For an Acquisition where the Acquired Customer DS1 Unit Percentage (as defined in (J)(3) following) is no more than two percent (2%), the Parties shall automatically include the Customer Acquired Properties in this Option 65 in accordance with (J)(5) following.

(2) For an Acquisition where the Acquired Customer DS1 Unit Percentage is greater than two percent (2%), the Parties may, but shall have no obligation to, include the Customer Acquired Properties in this Option 65 in accordance with (J)(5)(a) following.

(3) Determination of Acquired Customer DS1 Unit Percentage

Upon the Telephone Company's receipt of the Acquisition notice, the Telephone Company and the Customer will work cooperatively to determine whether the number of DS1 Units generated by the Customer Acquired Properties is less than or greater than two percent (2%) of the Existing Customer DS1 Unit Quantity (as defined in Step 1 following) using the steps shown following:

Step 1: Determine the total volume of Billed DS1 Units that Customer purchased from the Telephone Company during the three (3) full calendar months prior to the Acquisition Closing Date. Divide such total by three (3) to arrive at an average monthly volume (such average monthly volume is the **Existing Customer DS1 Unit Quantity**).

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21. Contract Tariffs (Cont'd)21.66 Contract Tariff Option 65 (Cont'd)(J) Mergers and Acquisitions of Customer (Cont'd)

(N)

(3) Determination of Acquired Customer DS1 Unit Percentage (Cont'd)

Step 2: Determine the total volume of DS1 Units (purchased from the Telephone Company) that the Customer Acquired Properties generated during the three (3) full calendar months prior to the Acquisition Closing Date. Divide such total by three (3) to arrive at an average monthly volume (such average monthly volume is the **Existing Acquired DS1 Unit Quantity**).

Step 3: Divide the Existing Acquired DS1 Unit Quantity determined in Step 2 preceding by the Existing Customer DS1 Unit Quantity determined in Step 1 preceding. The resulting percentage is the **Acquired Customer DS1 Unit Percentage**.

(4) Inclusion or Exclusion of Customer Acquired Properties

(a) If the Acquired Customer DS1 Unit Percentage is determined to be less than or equal to two percent (2%), then the Telephone Company shall make a pro-rata increase to Customer's TDM Annual Revenue Commitment and such increase, and application of the applicable Flat Rates, will be effective as of the later of (a) the Acquisition Closing Date if such Date occurs on the first (1st) day of a calendar month (or the first day of the calendar month following the Acquisition Closing Date if such Date occurs on a day other than the first (1st) day of a calendar month) and (b) the date specified by the Telephone Company, which shall be no later than the first (1st) day of the third (3rd) calendar month after the Acquisition Closing Date. The Telephone Company shall calculate such increase in the TDM Annual Revenue Commitment using the steps set forth in Section (J)(5) following.

(b) If the Acquired Customer DS1 Unit Percentage is greater than two percent (2%), Customer may notify the Telephone Company in writing if, in its sole discretion, it seeks to include the Customer Acquired Properties in this Option 65. The Telephone Company may, in its sole discretion, agree in writing to such inclusion based upon a number of interrelated factors, including by way of example (a) the amount by which the Acquired Customer DS1 Unit Percentage exceeds two percent (2%); (b) the amount of additional Billing Credits that would result from such inclusion; and (c) the impact on the TDM Annual Revenue Commitment. If the Telephone Company agrees in writing to such inclusion, then the Telephone Company shall increase Customer's applicable TDM Annual Revenue Commitment and such increase will be effective as of a mutually-agreed date no earlier than the first (1st) day of the first full month after the Acquisition Closing Date. Effective as of the Acquisition Closing Date, the Telephone Company will also apply the applicable Flat Rates. The Telephone Company shall calculate such increase in the TDM Annual Revenue Commitment using the steps set forth in Section (J)(5) following.

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21. Contract Tariffs (Cont'd)21.66 Contract Tariff Option 65 (Cont'd)

(N)

(J) Mergers and Acquisitions of Customer (Cont'd)(4) Inclusion or Exclusion of Customer Acquired Properties (Cont'd)

- (c) The effective date upon which the Telephone Company is to adjust the TDM Annual Revenue Commitment and implement the Flat Rates for an Acquisition where the Acquired Customer DS1 Unit Percentage is less than or equal to two percent (2%) as described in (J)(4)(a) preceding, or for an Acquisition where the Acquired Customer DS1 Unit Percentage is greater than two percent (2%) as described in Section (J)(4)(b) preceding, and the Parties have agreed in writing to include the Customer Acquired Properties in this Option 65, shall be referred to herein as the **Property Adjustment Date**.
- (d) In the absence of the Parties' mutual written agreement to include the Customer Acquired Properties with an Acquired Customer DS1 Unit Percentage that is greater than two percent (2%) in this Option 65 as described in Section (J)(4)(b) preceding, the following shall apply:
- (i) The TDM Annual Revenue Commitment shall remain unchanged.
- (ii) The Flat Rates shall not apply to any Qualifying Service purchases attributable to the Customer Acquired Properties. The Customer Acquired Properties shall not otherwise receive the Flat Rates and shall not gain any other benefit of this Option 65.
- (iii) Customer may not combine or include any Qualifying Services (or revenues associated therewith) from the Customer's Acquired Properties for the purposes of this Option 65.
- (iv) Customer's Billed Qualifying Service Units and Billed Qualifying Service Revenue shall be determined using Customer's business with Verizon using the Customer ACNAs provided under (C)(3) preceding, without adding the services and/or ACNAs attributable to expansion of Customer's purchase of services from the Telephone Company through the Acquisition.
- (v) Without limiting any other right of the Telephone Company to terminate Option 65, if the Telephone Company determines that Customer has failed to comply with any of the provisions of this Section (J)(4)(d), the Telephone Company, pursuant to mutually agreed dispute resolution provisions, may pursue all remedies available to it at law, in equity, or otherwise, including, but not limited to, termination of this Option 65.

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21. Contract Tariffs (Cont'd)21.66 Contract Tariff Option 65 (Cont'd)

(N)

(J) Mergers and Acquisitions of Customer (Cont'd)(5) Contract Tariff TDM Annual Revenue Commitment Adjustment

In the event the Customer Acquired Properties are included in this Option 65 pursuant to (J)(4) preceding, the Telephone Company shall adjust the TDM Annual Revenue Commitment set forth in Section (B)(28) preceding as follows.

- (a) For the Plan Year in which the Property Adjustment Date is to occur:

Step 1A: Determine the Billed Qualifying Service Revenues generated by the Customer Acquired Properties during the three (3) full calendar months prior to the Acquisition Closing Date.

Step 2A: Divide the amount determined in Step 1A by three (3) to arrive at an average monthly revenue.

Step 3A: Multiply the amount determined in Step 2A by the number of full months remaining in the Plan Year in which the Property Adjustment Date is to occur.

Step 4A: Add the amount resulting from Step 3A to the TDM Annual Revenue Commitment for the subject Plan Year to arrive at an adjusted TDM Annual Revenue Commitment for that Plan Year.

- (b) For subsequent Plan Years:

Step 1B: Multiply the quarterly volume determined in Step 1A by four (4) to arrive at an annualized amount.

Step 2B: Add the amount resulting from Step 1B to the TDM Annual Revenue Commitment. The result of such addition is the adjusted TDM Annual Revenue Commitment for all Plan Years after the Plan Year in which the Property Adjustment Date occurred.

The Parties shall work cooperatively and in good faith with each other to take such action as may be necessary to achieve the intent of this Section (J), and neither Party shall unreasonably withhold from the other Party any data that is necessary or reasonably required to achieve such intent.

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21. Contract Tariffs (Cont'd)21.66 Contract Tariff Option 65 (Cont'd)

(N)

(K) Sale of Verizon Operating Telephone Company

If some or all of the assets or stock of a Verizon Operating Telephone Company that provides Services are acquired by an unaffiliated third party during the Service Period, effective with the closing of such transaction, the Telephone Company will proportionally adjust the TDM Annual Revenue Commitment.

Illustrative Example:

Assume the following information for the third quarter of Plan Year 2:

- (1) The TDM Annual Revenue Commitment is \$125,000,000.
- (2) The Telephone Company sells Verizon New York to a third party at the end of month 8 of Plan Year 2.
- (3) During the three month period prior to the sale, Verizon New York accounted for \$6,000,000 in Billed Qualifying Service Revenue.

Based on the above assumptions:

- (1) The average monthly Billed Qualifying Service Revenue for Verizon New York is \$2,000,000 ($\$6,000,000 / 3$).
- (2) There are four (4) months remaining in Plan Year 2 (12 months - 8 months).
- (3) The Plan Year 2 TDM Annual Revenue Commitment would be reduced by \$8,000,000 ($\$2,000,000 * 4$).
- (4) The TDM Annual Revenue Commitment for the remaining Plan Year will be reduced by the \$24,000,000 annualized Billed Qualifying Service Revenue in Verizon New York ($\$2,000,000 * 12$) resulting in a revised TDM Annual Revenue Commitment of \$101,000,000 ($\$125,000,000 - \$24,000,000$).

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21. Contract Tariffs (Cont'd)21.66 Contract Tariff Option 65 (Cont'd)(L) Termination of Plan

The customer may terminate its subscription to this Option 65 at any time during the Service Period. The customer must provide written notice of termination at least ninety (90) calendar days prior to the requested date of termination. Termination of the customer's subscription to this Option 65 shall be an automatic termination of the customer's subscription to Option 65 of FCC 11 and Option 34 of FCC 14.

(N)

(x)

(x)

If the Customer terminates or cancels its subscription to this Option 65 at any time during the Service Period for any reason, or if the customer fails to comply with the terms or conditions set forth herein, then the Customer shall pay to the Telephone Company by no later than thirty (30) calendar days after such date of termination or non-compliance an amount equal to the following percentage of all Billing Credits paid under this Option 65, Option 65 of FCC 11, and Option 34 of FCC 14 through the date of termination.

(x)

<u>Month of Termination/ Non-Compliance</u>	<u>Termination Percentage</u>
1-12	100%
13-24	60%
25-36	40%

Additionally, the Customer will not receive any Billing Credits after receipt of notice of termination.

(M) Suspension of True-Ups During Service Period

During the Service Period of Option 65, the Parties agree to suspend the true-up requirements for the Services provided under this tariff, FCC 11 and FCC 14, including any shortfall payments or penalties that would otherwise result for failure to maintain volume commitments under the Commitment Discount Plan (FCC 1 and FCC 11, Section 25.1.7), and the DSL Term Volume Plan (FCC 14, Section 5.6.14(G)-(I)). Upon termination of Option 65 for any reason, the true-up process will be re-activated for the underlying Existing Plans.

(x)

(x)

(x)

(N)

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EXHIBIT 18

Verizon Tariff F.C.C. No. 11, Section 32.66,
Contract Tariff Option 65 (Feb. 27, 2014)

ACCESS SERVICE

32. Contract Tariffs (Cont'd)32.66 Contract Tariff Option 65

(N)

(A) Scope

Contract Tariff Option 65 (**Option 65**) provides a customer with certain aggregate discounts and Billing Credits (as defined following) on certain services offered by the Telephone Company when the customer satisfies the criteria as set forth in this Option 65.

(B) Specific Terms

Unless otherwise defined in this Section 32.66, the following terms are used in this Option 65:

- (1) **Alternative Tariff Arrangement** shall mean, collectively, any other generally available tariff arrangement, contract tariff option, specialized service or arrangement, or Individual Case Basis (**ICB**) tariff arrangement offered by the Telephone Company and available to the customer pursuant to this tariff with respect to any of the services covered by this Option 65.
- (2) **BANs** shall mean Billing Account Numbers of the customer which shall be used to provide the Billing Credits to the customer.
- (3) **Billed DS1 Service Revenue** shall mean, with respect to each month during the Service Period, the Qualifying Monthly Recurring Charges (as defined in (F) following) billed under one of the Customer ACNAs provided under (C)(3) following and which were paid in full by the customer for DS1 Qualifying Services for the applicable Quarter.
- (4) **Billed DS1 Unit with Mileage** shall mean, with respect to each month during the Service Period, a DS1 Unit for which the Telephone Company billed Qualifying Monthly Recurring Charges (as defined in (F) following) under one of the Customer ACNAs provided under (C)(3) following for that month and for which a portion of the Qualifying Monthly Recurring Charges includes Billed DS1 Mileage Charges.
- (5) **Billed DS1 Unit without Mileage** shall mean, with respect to each month during the Service Period, a DS1 Unit for which the Telephone Company billed Qualifying Monthly Recurring Charges (as defined in (F) following) under one of the Customer ACNAs provided under (C)(3) following for that month and for which none of the Qualifying Monthly Recurring Charges includes Billed DS1 Mileage Charges.

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32. Contract Tariffs (Cont'd)32.66 Contract Tariff Option 65 (Cont'd)

(N)

(B) Specific Terms (Cont'd)

- (6) **Billed DS1 Mileage Charges** shall mean, with respect to each month during the Service Period, the Qualifying Monthly Recurring Charges for DS1 Mileage billed under one of the Customer ACNAs provided under (C)(3) following.
- (7) **Billed DS3 CLF Service Revenues** shall mean, with respect to each month during the Service Period, the Qualifying Monthly Recurring Charges billed under one of the Customer ACNAs provided under (C)(3) following and which are paid in full by the Customer for Special Access DS3 CLF Services for the applicable Quarter.
- (8) **Billed DS3 CLS Service Revenues** shall mean, with respect to each month during the Service Period, the Qualifying Monthly Recurring Charges billed under one of the Customer ACNAs provided under (C)(3) following and which are paid in full by the Customer for Special Access DS3 CLS Services for the applicable Quarter.
- (9) **Billed DS3 CLF Unit** shall mean, with respect to each month during the Service Period, a DS3 CLF Unit for which the Telephone Company billed Qualifying Monthly Recurring Charges (as defined in (F) following) under one of the Customer ACNAs provided under (C)(3) following for that month.
- (10) **Billed DS3 CLS Unit** shall mean, with respect to each month during the Service Period, a DS3 CLS Unit for which the Telephone Company billed Qualifying Monthly Recurring Charges (as defined in (F) following) under one of the Customer ACNAs provided under (C)(3) following for that month.
- (11) **Billed Facilities Management Services (FMS) Revenue** shall mean, with respect to each month during the Service Period, the Qualifying Monthly Recurring Charges billed under one of the Customer ACNAs provided under (C)(3) following and which were paid in full by the Customer for Special Access Facilities Management Services.

(N)

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32. Contract Tariffs (Cont'd)32.66 Contract Tariff Option 65 (Cont'd)

(N)

(B) Specific Terms (Cont'd)

- (12) Billed Qualifying Service Revenue shall mean each of Billed DS1 Service Revenue, Billed DS3 CLF Service Revenue, Billed DS3 CLS Service Revenue, and Billed FMS Revenue.
- (13) Billed Qualifying Service Units shall mean Billed DS1 Units with Mileage, Billed DS1 Units without Mileage, Billed DS3 CLF Units, and Billed DS3 CLS Units.
- (14) Billing Credits shall mean, collectively, the Quarterly DS1 Flat Rate Credit, the Quarterly DS3 CLF Flat Rate Credit, and the Quarterly DS3 CLS Flat Rate Credit offered to Customer pursuant to this Option 65. Calculation of applicable Billing Credits is described in (G) following.
- (15) Disputed Charges shall mean Qualifying Monthly Recurring Charge amounts billed for any time period during the Service Period that are under dispute, regardless of whether the amounts have been paid in full by Customer.
- (16) DS1 Mileage shall mean the channel mileage for DS1 Services (as described in Section 7.1.2(B) of this tariff and Section 7.1.2(B) of FCC Tariff No. 1 (**FCC 1**), special transport for DS1 Services (as described in Section 5.1.1(B) of FCC Tariff No. 14 (**FCC 14**), and circuit mileage for DS1 Services (as described in Section 7.2.1(B) of FCC Tariff No. 16 (**FCC 16**)).
- (17) DS1 Average Mileage shall mean the total DS1 Mileage billed to Customer for a given time period divided by the Billed DS1 Units with Mileage for that same time period.
- (18) DS1 Unit shall mean Special Access DS1 Services that meet the following definitions: (i) a DS1 "Channel Termination" as defined in Section 7.1.2(A) of this tariff, (ii) a DS1 "Channel Termination" as defined in FCC 1, Section 7.1.2(A), (iii) a DS1 "Special Access Line" as defined in FCC 14, Section 5.1.1(C), and (iv) a DS1 "Circuit Termination" as defined in FCC 16, Section 7.2.1(A). Fractions of a "DS1 Unit" are not counted as a "DS1 Unit".

(x)
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32. Contract Tariffs (Cont'd)32.66 Contract Tariff Option 65 (Cont'd)

(N)

(B) Specific Terms (Cont'd)

- (19) **DS3 CLF Unit** shall mean an individual Special Access DS3 Services circuit that has a facilities formatted circuit identifier in accordance with the Common Language Circuit Identifier (CLCI) format administered by Telcordia (e.g., 967 T3Z PITBPADTHPE PITBPADTK18).
- (20) **DS3 CLS Unit** shall mean an individual Special Access DS3 Services circuit that has a serial number formatted circuit identifier in accordance with the Common Language Circuit Identifier (CLCI) format administered by Telcordia (e.g., 95.HFGS.634683..NE).
- (21) **Flat Rate** shall mean the flat rate monthly recurring charge that applies per Billed Qualifying Service Unit, per service type (i.e., DS1 with mileage, DS1 without mileage, DS3 CLF, and DS3 CLS), for a given Plan Year, each such charge being the charge that the Parties agree results from the application of the rate calculation methodology set forth in (G)(1)(a) following.
- (22) **Plan Year** shall mean each of the following periods during the Service Period: (1) Plan Year 1 shall commence on March 1, 2014 and end on February 28, 2015; (2) Plan Year 2 shall commence on March 1, 2015 and end on February 29, 2016; (3) Plan Year 3 shall commence on March 1, 2016 and end on February 28, 2017.
- (23) **Quarter** shall mean either of the following periods, as applicable: (i) the first (1st) Quarter of each Plan Year is the period beginning with the first date of the applicable Plan Year and ending on the last calendar day of the second month after the month in which the first date occurs (i.e., approximately ninety (90) days thereafter); or (ii) each consecutive three (3) month period thereafter commencing on the first day of the calendar month following the end of the prior Quarter and ending on the last calendar day of the second month after the month in which the first day occurs.
- (24) **Special Access DS1 Services** shall mean DS1 Services of 1.544 Mbps bandwidth, as described in Section 7.2.9 of this tariff, FCC 1 (Section 7.2.9), FCC 14 (Section 5.3.6) and FCC 16 (Section 7.11.1).

(x)
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32. Contract Tariffs (Cont'd)32.66 Contract Tariff Option 65 (Cont'd)

(N)

(B) Specific Terms (Cont'd)

- (25) **Special Access DS3 CLF Services** shall mean DS3 Services of 44.736 Mbps bandwidth, as described in Section 7.2.9 of this tariff, FCC 1 (Section 7.2.9), FCC 14 (Section 5.3.6) and FCC 16 (Section 7.11.1) which has a facilities formatted circuit identifier in accordance with the Common Language Circuit Identifier (CLCI) format administered by Telcordia (e.g., 967 T3Z PITBPADTHPE PITBPADTK18). (x)
(x)
- (26) **Special Access DS3 CLS Services** shall mean DS3 Services of 44.736 Mbps bandwidth, as described in Section 7.2.9 of this tariff, FCC 1 (Section 7.2.9), FCC 14 (Section 5.3.6) and FCC 16 (Section 7.11.1) which has a serial number formatted circuit identifier in accordance with the Common Language Circuit Identifier (CLCI) format administered by Telcordia (e.g., 95.HFGS.634683..NE). (x)
(x)
- (27) **Special Access Facilities Management Services** shall mean FMS Services as described in Section 7.2.16 of this tariff and Section 7.2.13 of FCC 1. (x)
- (28) **TDM Annual Revenue Commitment** shall mean the annual minimum required Billed Qualifying Service Revenues and shall be equal to \$84,000,000.

(C) Eligibility

The customer must meet all of the following criteria in order to be eligible to receive the Billing Credits and other benefits of this Option 65. All references to amounts represented in dollars followed by the letter "M" shall refer to such number in millions (e.g., \$10M shall mean \$10,000,000).

(1) As of March 1, 2014, the customer must:

- (a) have billed a minimum of \$10M of Billed Qualifying Service Revenue for the thirty (30) days immediately prior to March 1, 2014 and between Twenty-Five Thousand (25,000) and Sixty Thousand (60,000) Billed DS1 Units;
- (b) be subscribed to the Commitment Discount Plan (Section 25.1 of this tariff and FCC 1, Section 25.1), and the DS1 Term Volume Plan (FCC 14, Section 5.6.14(G)) **(Existing Plans)**; (x)
(x)
- (c) not have been required in connection with the most recent true-up to pay any shortfall payments or penalties as a result of a failure to maintain volume commitments, under any of the Existing Plans;
- (d) have been subscribed to Option 55 of this tariff, Option 57 of FCC 1, and Option 29 of FCC 14 immediately prior to execution of this Option 65. (x)
(N)

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32. Contract Tariffs (Cont'd)32.66 Contract Tariff Option 65 (Cont'd)

(N)

(C) Eligibility (Cont'd)

- (2) Except for Existing Plans, Customer may not concurrently subscribe to an Alternative Tariff Arrangement which provides discounts, credits, or other reductions in rates or terms based upon the achievement of total billed revenue. If Customer wishes to subscribe to such an Alternative Tariff Arrangement, then Customer shall not receive any Discounts and Billing Credits under this Option 65, and such subscription shall be considered a termination by Customer of this Option 65, subject to (L) following.

- (3) The customer must subscribe to this Option 65 in a manner designated by the Telephone Company during the thirty (30) day period beginning March 1, 2014 and ending March 31, 2014. Such subscription must include a list of the customer's access customer name abbreviations (**Customer ACNA(s)**) that the Telephone Company agrees to, in writing, for inclusion in this Option 65. Subscription to this Option 65 shall be an automatic subscription to Option 65 of FCC 1 and Option 34 of FCC 14.

(x)

(D) Service Period

The Service Period of this Option 65 shall commence on March 1, 2014 and end on February 28, 2017.

(E) Serving Area

The Billing Credits will be provided only in the Metropolitan Statistical Areas (**MSAs**) that have achieved Phase I or Phase II pricing flexibility under this tariff, FCC 1, and FCC 14. Wire centers for the Phase II MSAs are listed in Section 15.3 preceding of this tariff, Section 14.7 of FCC 1, and Section 19.1 of FCC 14. Any additions of, or changes to, the MSAs (including changes to wire centers or Level 1/Level 2 pricing status as described in Section 15.3 preceding of this tariff, Section 14.7 of FCC 1, and Section 19.1 of FCC 14) that occur during the Service Period will apply. No Billing Credits will be provided in the operating territories of FCC 16.

(x)

(x)

(x)

(x)

(N) (x)

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32. Contract Tariffs (Cont'd)21.66 Contract Tariff Option 65 (Cont'd)

(N)

(F) Qualifying Monthly Recurring Charges

Subject to the exclusions set forth following as well as all other terms of this Option 65 (includes Disputes following), Qualifying Monthly Recurring Charges include total monthly recurring charges (MRCs) billed to Customer with respect to a particular service for a particular timeframe. Qualifying Monthly Recurring Charges do not include any of the following (among other items that are not MRCs, the following list by way of example only):

- (1) Nonrecurring charges, surcharges, late payment charges, credits (including any credits provided under the Contract Tariffs), fractional debit/credit amounts, adjustments, minimum period charges, termination liabilities, or any other billings other than billed amounts that are applied on a recurring monthly basis for the applicable Quarter of the Service Period.
- (2) Taxes, or other charges imposed by a federal, state, local, or other governmental entity (e.g., Federal Universal Service Fund);
- (3) Service or administrative fees or charges imposed by the Telephone Company (e.g., interest penalty, late payment penalty);
- (4) Any amount that appears in the "Other Charges and Credits" section of the Telephone Company's invoice;
- (5) Any other billed amount for which payment is being withheld or under dispute by the Customer or that is otherwise a Disputed Charge; provided, however, that if an amount would have been included in Qualifying Monthly Recurring Charges but for the fact that it was disputed, and if such dispute is then resolved in favor of the Customer, then the amount credited to Customer as a result of such resolution shall be included in Qualifying Monthly Recurring Charges in the Quarter in which the Telephone Company issues such credit; and
- (6) Shortfall or overage charges associated with term plan true-ups (e.g., charges assessed for failure to satisfy commitment levels).

(N)

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32. Contract Tariffs (Cont'd)32.66 Contract Tariff Option 65 (Cont'd)

(N)

(G) Quarterly Review; Calculation and Payment of Billing Credits

- (1) The Flat Rate pricing for the Services set forth in Tables 1 and 2 following is achieved by providing a DS1 Flat Rate Credit, a DS3 CLF Flat Rate Credit, and a DS3 CLS Flat Rate Credit.

(a) Calculation of Flat Rates

The DS1 Flat Rates without Mileage and the DS3 CLS Flat Rates for each Plan Year will be equal to a fixed percentage of the benchmark (as specified in (G)(1)(c) following) average revenue per DS1 Unit (**DS1 ARPU**) and DS3 CLS Unit (**DS3 CLS ARPU**), respectively. The DS3 CLF Flat Rates will be equal to a fixed percentage of the applicable DS3 CLS Flat Rate. The DS1 Flat Rates with Mileage will be equal to a fixed percentage of the DS1 Flat Rate without Mileage and will be based upon DS1 Average Mileage tiers. A more detailed description of the calculation of the DS1 Flat Rates without Mileage is provided in Table 2 following.

(b) Calculation of Quarterly Billing Credits

The dollar amount of the quarterly Billing Credits shall be determined as follows:

- (i) The Telephone Company shall determine on a Quarterly basis the Billed Qualifying Service Revenue and Billed Qualifying Service Units for each Service, and the Average DS1 Mileage for Billed DS1 Units with Mileage.
- (ii) The DS3 CLF Flat Rate Credit and the DS3 CLS Flat Rate Credit will be in an amount equal to the applicable Billed Qualifying Service Revenue (i.e., Billed Qualifying DS3 CLF Service Revenue and Billed Qualifying DS3 CLS Service Revenue) for the applicable Quarter minus the applicable flat rate revenue (i.e., applicable Billed Qualifying Service Units (i.e., Billed DS3 CLF Units and Billed DS3 CLS Units) multiplied by the applicable flat rate for the Plan Year from Table 1).

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32. Contract Tariffs (Cont'd)32.66 Contract Tariff Option 65 (Cont'd)

(N)

(G) Quarterly Review; Calculation and Payment of Billing Credits
(Cont'd)

(1) (Cont'd)

(b) Calculation of Quarterly Billing Credits (Cont'd)**Table 1: Flat Rates**

Qualifying Service	Plan Year 1 Flat Rate	Plan Year 2 Flat Rate	Plan Year 3 Flat Rate
DS1 Units without Mileage	61.06% of DS1 ARPU	60.25% of DS1 ARPU	59.43% of DS1 ARPU
DS3 CLF Units	60.61% of DS3 CLS Plan Year 1 Flat Rate	60.67% of DS3 CLS Plan Year 2 Flat Rate	61.11% of DS3 CLS Plan Year 3 Flat Rate
DS3 CLS Units	54.00% of DS3 CLS ARPU	53.67% of DS3 CLS ARPU	53.02% of DS3 CLS ARPU

- (iii) The DS1 Flat Rate Credit will be an amount equal to the Billed Qualifying DS1 Service Revenue for the applicable Quarter minus the sum of the Billed DS1 Units without Mileage for the applicable Quarter multiplied by the applicable flat rate for the Plan Year from Table 1 plus the Billed DS1 Units with Mileage for the applicable Quarter multiplied by the applicable flat rate for the Average DS1 Mileage for the applicable Quarter from Table 2.

**Table 2: Flat Rates (DS1 Units with Mileage)
Applicable to All Plan Years**

Minimum Average DS1 Mileage	Maximum Average DS1 Mileage	Flat Rate MRC
0	7.24	107.33% of DS1 Units without Mileage Plan Year 1 Flat Rate
7.25	8.99	108.00% of DS1 Units without Mileage Plan Year 1 Flat Rate
9.00	10.74	108.67% of DS1 Units without Mileage Plan Year 1 Flat Rate
10.75	12.49	110.67% of DS1 Units without Mileage Plan Year 1 Flat Rate
12.50	14.24	112.67% of DS1 Units without Mileage Plan Year 1 Flat Rate
14.25	15.99	114.67% of DS1 Units without Mileage Plan Year 1 Flat Rate
16.00	17.74	116.00% of DS1 Units without Mileage Plan Year 1 Flat Rate
17.75	+	117.33% of DS1 Units without Mileage Plan Year 1 Flat Rate

(N)

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32. Contract Tariffs (Cont'd)32.66 Contract Tariff Option 65 (Cont'd)(G) Quarterly Review; Calculation and Payment of Billing Credits
(Cont'd)

(N)

(1) (Cont'd)

(c) Calculation of Benchmark Average Revenues

The benchmark average revenues per unit will be established at the time of subscription to Option 65 and will be calculated as follows:

(i) **DS1 ARPU** shall be calculated as follows:

- Step 1 Sum the Billed DS1 Service Revenue for October 2013, November 2013, and December 2013.
- Step 2 Sum the Billed FMS Revenue for October 2013, November 2013, and December 2013.
- Step 3 Multiply the total calculated in Step 2 by the percentage of Billed FMS Revenue that is attributable to DS1 transport and multiplexing.
- Step 4 Sum the amounts calculated in Step 1 and Step 3.
- Step 5 Sum the Billed DS1 Units with Mileage and Billed DS1 Units without Mileage for October 2013, November 2013, and December 2013.
- Step 6 Divide the amount calculated in Step 4 by the amount calculated in Step 5.

(ii) **DS3 CLS ARPU** shall be calculated as follows:

- Step 1 Sum the Billed DS3 CLS Service Revenue exclusive of amounts included in the definition of Billed FMS Revenues for October 2013, November 2013, and December 2013.
- Step 2 Sum the Billed FMS Revenue for October 2013, November 2013, and December 2013.
- Step 3 Multiply the total calculated in Step 2 by the percentage of Billed FMS Revenue that is attributable to DS3 CLS transport and channel terminations.
- Step 4 Sum the amounts calculated in Step 1 and Step 3.
- Step 5 Sum the Billed DS3 CLS Units for October 2013, November 2013, and December 2013.
- Step 6 Divide the amount calculated in Step 4 by the amount calculated in Step 5.

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32. Contract Tariffs (Cont'd)32.66 Contract Tariff Option 65 (Cont'd)

(N)

(G) Quarterly Review; Calculation and Payment of Billing Credits
(Cont'd)

(1) (Cont'd)

(c) Calculation of Benchmark Average Revenues (Cont'd)

(iii) Illustrative Example:

Assume the following information for all scenarios in this
Section 32.66(G)(1)(c)(iii):

	DS1 ARPU	DS3 CLS ARPU
Billed Qualifying Service Revenue	\$5,000,000; \$5,000,000; and \$5,000,000	\$2,000,000; \$2,000,000; and \$2,000,000
Billed Qualifying DS3 CLS Revenue from FMS USOCs	N/A	\$10,000; \$10,000; and \$10,000
Billed FMS Revenue	\$5,000,000; \$5,000,000; and \$5,000,000	
Billed FMS Revenue Allocation Percentage	34.21%	36.08%
Billed Qualifying Service Units (includes both Billed DS1 Units with Mileage and Billed DS1 Units without Mileage)	25,000; 25,000; and 25,000	1,100; 1,100; and 1,100

Scenario 1: DS1 ARPU would be calculated as follows:

Step 1: Total Billed Qualifying DS1 Service Revenue is
\$15,000,000 (\$5,000,000 * 3).

Step 2: Billed FMS Revenue is \$15,000,000 (\$5,000,000 * 3).

Step 3: Billed FMS Revenue allocated to DS1 transport and
multiplexing is \$5,131,500 (\$15,000,000 * 34.21%).

Step 4: Total DS1 Revenue is \$20,131,500 (\$15,000,000 +
\$5,131,500).

Step 5: DS1 Billed Units are 75,000 (25,000 * 3).

Step 6: DS1 ARPU is \$268.42 (\$20,131,500/75,000).

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32. Contract Tariffs (Cont'd)32.66 Contract Tariff Option 65 (Cont'd)

(N)

(G) Quarterly Review; Calculation and Payment of Billing Credits
(Cont'd)

(1) (Cont'd)

(c) Calculation of Benchmark Average Revenues (Cont'd)

(iii) (Cont'd)

Scenario 2: DS3 CLS ARPU would be calculated as follows:

Step 1: Total Billed Qualifying DS3 CLS Service Revenue exclusive of amounts billed to FMS USOCs is \$5,970,000 ($\$2,000,000 * 3 - \$10,000 * 3$).

Step 2: Billed FMS Revenue is \$15,000,000 ($\$5,000,000 * 3$).

Step 3: Billed FMS Revenue allocated to DS3 CLS transport and channel terminations is \$5,412,000 ($\$15,000,000 * 36.08\%$).

Step 4: Total DS3 CLS Revenue is \$11,382,000 ($\$5,970,000 + \$5,412,000$).

Step 5: DSL CLS Billed Units are 3,300 ($1,100 * 3$).

Step 6: DS3 CLS ARPU is \$3,449.09 ($\$11,382,000 / 3,300$).

(d) Calculation of Quarterly DS1 Flat Rate Credit

Customer will receive the applicable discounted flat rate pricing for all Billed DS1 Units with Mileage and all Billed DS1 Units without Mileage during each Quarter of each Plan Year of the Service Period. The Billed DS1 Units with Mileage and Billed DS1 Units without Mileage shall be billed on a monthly basis at the applicable tariff rates, and the Telephone Company shall provide the Quarterly DS1 Flat Rate Credit equal to the difference between the tariff rates and the pricing set forth herein:

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32. Contract Tariffs (Cont'd)32.66 Contract Tariff Option 65 (Cont'd)

(N)

(G) Quarterly Review; Calculation and Payment of Billing Credits
(Cont'd)

(1) (Cont'd)

(d) Calculation of Quarterly DS1 Flat Rate Credit (Cont'd)

(i) Example of Calculation of Quarterly DS1 Flat Rate Credit:

Assume the following information for Quarter 1 of Plan Year 3:

	Quarter 1 of Plan Year 3
DS1 ARPU	\$268.42
Billed DS1 Units with Miles	18,000; 18,000; and 19,000
Average DS1 Mileage	15.00
Billed DS1 Units without Miles	7,000; 7,000; and 6,000
Total Billed Qualifying DS1 Service Revenue	\$15,000,000

Based on the above assumptions:

Step 1: The Plan Year 3 flat rate for DS1 Units with Miles is \$152.14 ($\$268.42 \times 49.43\% \times 114.67\%$).

Step 2: The Plan Year 3 flat rate for DS1 Units without Miles is \$132.68 ($\$268.42 \times 49.43\%$).

Step 3: The total Billed DS1 Units with Miles for the Quarter are 55,000 (18,000 + 18,000 + 19,000).

Step 4: The total Billed DS1 Units without Miles for the Quarter are 20,000 (7,000 + 7,000 + 6,000).

Step 5: The Quarterly DS1 Flat Rate Credit due under this Option 65 equals \$3,978,700 ($\$15,000,000 - ((20,000 \times \$132.68) + (55,000 \times \$152.14))$).

(N)

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32. Contract Tariffs (Cont'd)32.66 Contract Tariff Option 65 (Cont'd)

(N)

(G) Quarterly Review; Calculation and Payment of Billing Credits
(Cont'd)

(1) (Cont'd)

(e) Calculation of Quarterly DS3 CLF Flat Rate Credit

Customer will receive the applicable discounted flat rate pricing set forth in this Option 65 for all Billed DS3 CLF Units during each Quarter of each Plan Year of the Service Period. The Billed DS3 CLF Units shall be billed on a monthly basis at the applicable tariff rates, and the Telephone Company shall provide the Quarterly DS3 CLF Flat Rate Credit, which shall be a contra credit (i.e., debit) equal to the positive difference between the tariff rates and the pricing set forth herein.

(i) Example of Calculation of Quarterly DS3 CLF Billing Credit:

Assume the following information for Quarter 1 of Plan Year 3:

	Quarter 1 of Plan Year 3
DS3 CLS ARPU	\$3,449.09
Billed DS3 CLF Units	1,000; 1,000; and 1,000
Total Billed Qualifying DS3 CLF Service Revenue	\$3,000,000

Based on the above assumptions:

Step 1: The Plan Year 3 flat rate for DS3 CLF Units is \$1,117.52 ($\$3,449.09 \times 53.02\% \times 61.11\%$).

Step 2: The total Billed DS3 CLF Units for the Quarter are 3,000 (1,000 + 1,000 + 1,000).

Step 3: The Quarterly DS3 CLF Flat Rate Credit due under Option 65 equals $(\$352,560) (\$3,000,000 - (3,000 \times \$1,117.52))$.

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32. Contract Tariffs (Cont'd)32.66 Contract Tariff Option 65 (Cont'd)

(N)

(G) Quarterly Review; Calculation and Payment of Billing Credits
(Cont'd)

(1) (Cont'd)

(f) Calculation of Quarterly DS3 CLS Flat Rate Credit

Customer will receive the applicable discounted flat rate pricing set forth in this Option 65 for all Billed DS3 CLS Units during each Quarter of each Plan Year of the Service Period. The Billed DS3 CLS Units shall be billed on a monthly basis at the applicable tariff rates, and the Telephone Company shall provide the Quarterly DS3 CLS Flat Rate Credit, equal to the difference between the tariff rates and the pricing set forth herein.

(i) Example of Calculation of Quarterly DS3 CLS Billing Credit:

Assume the following information for Quarter 1 of Plan Year 3:

	Quarter 1 of Plan Year 3
DS3 CLS ARPU	\$3,449.09
Billed DS3 CLS Units	400; 500; and 600
Total Billed Qualifying DS3 CLS Service Revenue	\$4,350,000

Based on the above assumptions:

Step 1: The Plan Year 3 flat rate for DS3 CLS Units is \$1,828.71 ($\$3,449.09 \times 53.02\%$).

Step 2: The total Billed DS3 CLS Units for the Quarter are 1,500 (400 + 500 + 600).

Step 3: The Quarterly DS3 CLS Flat Rate Credit due under Option 65 equals \$1,606,935 ($\$4,350,000 - (1,500 \times \$1,828.71)$).

(g) Application of Billing Credits to CABS Bill

The Telephone Company shall provide the net Billing Credit for each Quarter on Customer's CABS billing by no later than sixty (60) days following the end of the applicable Quarter.

(N)

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(N)

(G) Quarterly Review; Calculation and Payment of Billing Credits
(Cont'd)

(1) (Cont'd)

(g) Application of Billing Credits to CABS Bill (Cont'd)(i) Continuing the Examples Preceding in Calculating the net
Billing Credit for Quarter 1 of Plan Year 3:

Based upon a Quarterly DS1 Flat Rate Credit of \$3,978,700, a Quarterly DS3 CLF Flat Rate Credit of (\$352,560), and a Quarterly DS3 CLS Flat Rate Credit of \$1,606,935, in each case for Quarter 1 of Plan Year 3, the net Billing Credit for Quarter 1 of Plan Year 3 equals \$5,233,075 (\$3,978,700 - \$352,560 + \$1,606,935).

(h) Annual True Up

After the end of each Plan Year, the Telephone Company will perform a true-up to determine whether Customer qualified for any Billing Credits Customer received for that just-completed Plan Year based on Customer's overall annual performance under Option 65. If Customer's Billed Qualifying Service Revenues for the Plan Year just completed are less than the TDM Annual Revenue Commitment, then the Telephone Company will issue to Customer's applicable account(s) a debit equal to (i) the TDM Annual Revenue Commitment minus (ii) the aggregate Billed Qualifying Service Revenues for the just-completed Plan Year.

(H) Disputes

Notwithstanding any other provisions of this Option 65, the Telephone Company's calculation of the Billing Credits shall be subject to the following additional requirements (as well as other terms of this Option 65):

- (1) The Telephone Company shall not include in the calculation of the Billing Credits any amounts which are unpaid and/or disputed by Customer as of the thirtieth (30th) day following the end of each Quarter. For example, assume that Customer had MRCs that were billed in Quarter 1 of \$3,000,000. Assume further that Customer disputed and did not pay \$450,000 of such billed MRCs. Hence, in calculating the Billing Credit (as set forth in (G) preceding), the MRCs would be calculated as \$2,550,000 (\$3,000,000 - \$450,000).

(N)

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32. Contract Tariffs (Cont'd)32.66 Contract Tariff Option 65 (Cont'd)

(N)

(H) Disputes (Cont'd)

- (2) For the purpose of calculating the Billing Credits, the Telephone Company shall not include in MRCs any credits or debits for Services provided during any prior periods (regardless of whether such credits or debits were the result of a valid dispute by Customer or were the result of a billing error by the Telephone Company) or any prior Quarter other than the then current Quarter for which the Billing Credits are being calculated. For avoidance of doubt and as an illustrative example, assume that Customer had MRCs for DS1 Services which were billed in Quarter 1 of \$4,000,000. Assume further that Customer disputed and did not pay \$300,000 of such billed MRCs. Hence, in calculating the Quarterly DS1 Flat Rate Credit, the MRCs would be calculated as \$3,700,000 (\$4,000,000 - \$300,000). Assume further that in Quarter 2, the Telephone Company and Customer agree that such billing was partially in error and that Customer should have received a credit of \$200,000 for DS1 Services. Then, in Quarter 2, the Telephone Company shall not include such credit adjustment of \$200,000 nor the subsequent debit of \$100,000 for purposes of calculating Customer's Quarterly DS1 Flat Rate Credit in Quarter 2.
- (3) To the extent that Customer has any disputes, then Customer must submit such disputes to the Telephone Company no later than the thirtieth (30th) day following the end of each Quarter. Each dispute must be submitted on a claim description form as provided by the Telephone Company and must clearly state next to the circuit ID and amount under dispute the following: "Dispute Associated with 2014 Contract Tariff".
- (4) If the Telephone Company bills amounts after the determination of the Billing Credits that would have otherwise been included in the determination of the Billing Credits, there in no event will be any adjustment to the Billing Credits.
- (5) Any amounts or Services that are included in calculation of the Billing Credits will not be subject to any claims or disputes by Customer at any time in the future.
- (6) The Billing Credits as determined by the Telephone Company are not subject to dispute; provided, however, that the foregoing prohibition against disputes shall not be deemed (i) to preclude any debit issued pursuant to an annual true-up under (G)(1)(h) preceding, or (ii) to apply in a situation where the Telephone Company applies a Billing Credit that does not match the mutually agreed upon credit amount. For the avoidance of any doubt, the Telephone Company will not issue any Billing Credits until the applicable credit amount is agreed to by Customer.
- (7) The amount of the Billing Credits shall in no event be subject to any late payment, interest or penalty as set forth in Section 2.

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32. Contract Tariffs (Cont'd)32.66 Contract Tariff Option 65 (Cont'd)

(N)

(I) Access Planning Tools

Customer agrees to use commercially reasonable efforts to implement into its network access planning tools the flat rates for Service circuits provided under this Option 65. If such flat rates for such Services are not available to Customer, then Customer may remove such discounted pricing from its network access planning tools.

(J) Mergers and Acquisitions

In the event that after the effective date of Option 65, the Customer merges with another company, acquires a company or a portion of the business of another company which may be referred to collectively as the **Customer Acquired Properties** and such merger or acquisition may be referred to in either case as an **Acquisition**, and the Telephone Company provides any Qualifying Services in connection with such Customer Acquired Properties, then Customer shall notify the Telephone Company prior to the closing of the Acquisition (the **Acquisition Closing Date**) and the Parties shall determine whether such Customer Acquired Properties shall be included in or excluded from Option 65 in accordance with (J)(1)-(6) following.

- (1) For an Acquisition where the Acquired Customer DS1 Unit Percentage (as defined in (J)(3) following) is no more than two percent (2%), the Parties shall automatically include the Customer Acquired Properties in this Option 65 in accordance with (J)(5) following.
- (2) For an Acquisition where the Acquired Customer DS1 Unit Percentage is greater than two percent (2%), the Parties may, but shall have no obligation to, include the Customer Acquired Properties in this Option 65 in accordance with (J)(5)(a) following.
- (3) Determination of Acquired Customer DS1 Unit Percentage

Upon the Telephone Company's receipt of the Acquisition notice, the Telephone Company and the Customer will work cooperatively to determine whether the number of DS1 Units generated by the Customer Acquired Properties is less than or greater than two percent (2%) of the Existing Customer DS1 Unit Quantity (as defined in Step 1 following) using the steps shown following:

Step 1: Determine the total volume of Billed DS1 Units that Customer purchased from the Telephone Company during the three (3) full calendar months prior to the Acquisition Closing Date. Divide such total by three (3) to arrive at an average monthly volume (such average monthly volume is the **Existing Customer DS1 Unit Quantity**).

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32. Contract Tariffs (Cont'd)

32.66 Contract Tariff Option 65 (Cont'd)

(J) Mergers and Acquisitions of Customer (Cont'd)

(N)

(3) Determination of Acquired Customer DS1 Unit Percentage (Cont'd)

Step 2: Determine the total volume of DS1 Units (purchased from the Telephone Company) that the Customer Acquired Properties generated during the three (3) full calendar months prior to the Acquisition Closing Date. Divide such total by three (3) to arrive at an average monthly volume (such average monthly volume is the **Existing Acquired DS1 Unit Quantity**).

Step 3: Divide the Existing Acquired DS1 Unit Quantity determined in Step 2 preceding by the Existing Customer DS1 Unit Quantity determined in Step 1 preceding. The resulting percentage is the **Acquired Customer DS1 Unit Percentage**.

(4) Inclusion or Exclusion of Customer Acquired Properties

- (a) If the Acquired Customer DS1 Unit Percentage is determined to be less than or equal to two percent (2%), then the Telephone Company shall make a pro-rata increase to Customer's TDM Annual Revenue Commitment and such increase, and application of the applicable Flat Rates, will be effective as of the later of (a) the Acquisition Closing Date if such Date occurs on the first (1st) day of a calendar month (or the first day of the calendar month following the Acquisition Closing Date if such Date occurs on a day other than the first (1st) day of a calendar month) and (b) the date specified by the Telephone Company, which shall be no later than the first (1st) day of the third (3rd) calendar month after the Acquisition Closing Date. The Telephone Company shall calculate such increase in the TDM Annual Revenue Commitment using the steps set forth in Section (J) (5) following.
- (b) If the Acquired Customer DS1 Unit Percentage is greater than two percent (2%), Customer may notify the Telephone Company in writing if, in its sole discretion, it seeks to include the Customer Acquired Properties in this Option 65. The Telephone Company may, in its sole discretion, agree in writing to such inclusion based upon a number of interrelated factors, including by way of example (a) the amount by which the Acquired Customer DS1 Unit Percentage exceeds two percent (2%); (b) the amount of additional Billing Credits that would result from such inclusion; and (c) the impact on the TDM Annual Revenue Commitment. If the Telephone Company agrees in writing to such inclusion, then the Telephone Company shall increase Customer's applicable TDM Annual Revenue Commitment and such increase will be effective as of a mutually-agreed date no earlier than the first (1st) day of the first full month after the Acquisition Closing Date. Effective as of the Acquisition Closing Date, the Telephone Company will also apply the applicable Flat Rates. The Telephone Company shall calculate such increase in the TDM Annual Revenue Commitment using the steps set forth in Section (J) (5) following.

(N)

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32. Contract Tariffs (Cont'd)32.66 Contract Tariff Option 65 (Cont'd)

(N)

(J) Mergers and Acquisitions of Customer (Cont'd)(4) Inclusion or Exclusion of Customer Acquired Properties (Cont'd)

- (c) The effective date upon which the Telephone Company is to adjust the TDM Annual Revenue Commitment and implement the Flat Rates for an Acquisition where the Acquired Customer DS1 Unit Percentage is less than or equal to two percent (2%) as described in (J)(4)(a) preceding, or for an Acquisition where the Acquired Customer DS1 Unit Percentage is greater than two percent (2%) as described in Section (J)(4)(b) preceding, and the Parties have agreed in writing to include the Customer Acquired Properties in this Option 65, shall be referred to herein as the **Property Adjustment Date**.
- (d) In the absence of the Parties' mutual written agreement to include the Customer Acquired Properties with an Acquired Customer DS1 Unit Percentage that is greater than two percent (2%) in this Option 65 as described in Section (J)(4)(b) preceding, the following shall apply:
 - (i) The TDM Annual Revenue Commitment shall remain unchanged.
 - (ii) The Flat Rates shall not apply to any Qualifying Service purchases attributable to the Customer Acquired Properties. The Customer Acquired Properties shall not otherwise receive the Flat Rates and shall not gain any other benefit of this Option 65.
 - (iii) Customer may not combine or include any Qualifying Services (or revenues associated therewith) from the Customer's Acquired Properties for the purposes of this Option 65.
 - (iv) Customer's Billed Qualifying Service Units and Billed Qualifying Service Revenue shall be determined using Customer's business with Verizon using the Customer ACNAs provided under (C)(3) preceding, without adding the services and/or ACNAs attributable to expansion of Customer's purchase of services from the Telephone Company through the Acquisition.
 - (v) Without limiting any other right of the Telephone Company to terminate Option 65, if the Telephone Company determines that Customer has failed to comply with any of the provisions of this Section (J)(4)(d), the Telephone Company, pursuant to mutually agreed dispute resolution provisions, may pursue all remedies available to it at law, in equity, or otherwise, including, but not limited to, termination of this Option 65.

(N)

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32. Contract Tariffs (Cont'd)32.66 Contract Tariff Option 65 (Cont'd)

(N)

(J) Mergers and Acquisitions of Customer (Cont'd)(5) Contract Tariff TDM Annual Revenue Commitment Adjustment

In the event the Customer Acquired Properties are included in this Option 65 pursuant to (J)(4) preceding, the Telephone Company shall adjust the TDM Annual Revenue Commitment set forth in Section (B)(28) preceding as follows.

- (a) For the Plan Year in which the Property Adjustment Date is to occur:

Step 1A: Determine the Billed Qualifying Service Revenues generated by the Customer Acquired Properties during the three (3) full calendar months prior to the Acquisition Closing Date.

Step 2A: Divide the amount determined in Step 1A by three (3) to arrive at an average monthly revenue.

Step 3A: Multiply the amount determined in Step 2A by the number of full months remaining in the Plan Year in which the Property Adjustment Date is to occur.

Step 4A: Add the amount resulting from Step 3A to the TDM Annual Revenue Commitment for the subject Plan Year to arrive at an adjusted TDM Annual Revenue Commitment for that Plan Year.

- (b) For subsequent Plan Years:

Step 1B: Multiply the quarterly volume determined in Step 1A by four (4) to arrive at an annualized amount.

Step 2B: Add the amount resulting from Step 1B to the TDM Annual Revenue Commitment. The result of such addition is the adjusted TDM Annual Revenue Commitment for all Plan Years after the Plan Year in which the Property Adjustment Date occurred.

The Parties shall work cooperatively and in good faith with each other to take such action as may be necessary to achieve the intent of this Section (J), and neither Party shall unreasonably withhold from the other Party any data that is necessary or reasonably required to achieve such intent.

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32. Contract Tariffs (Cont'd)32.66 Contract Tariff Option 65 (Cont'd)

(N)

(K) Sale of Verizon Operating Telephone Company

If some or all of the assets or stock of a Verizon Operating Telephone Company that provides Services are acquired by an unaffiliated third party during the Service Period, effective with the closing of such transaction, the Telephone Company will proportionally adjust the TDM Annual Revenue Commitment.

Illustrative Example:

Assume the following information for the third quarter of Plan Year 2:

- (1) The TDM Annual Revenue Commitment is \$125,000,000.
- (2) The Telephone Company sells Verizon New York to a third party at the end of month 8 of Plan Year 2.
- (3) During the three month period prior to the sale, Verizon New York accounted for \$6,000,000 in Billed Qualifying Service Revenue.

Based on the above assumptions:

- (1) The average monthly Billed Qualifying Service Revenue for Verizon New York is \$2,000,000 ($\$6,000,000 / 3$).
- (2) There are four (4) months remaining in Plan Year 2 (12 months - 8 months).
- (3) The Plan Year 2 TDM Annual Revenue Commitment would be reduced by \$8,000,000 ($\$2,000,000 * 4$).
- (4) The TDM Annual Revenue Commitment for the remaining Plan Year will be reduced by the \$24,000,000 annualized Billed Qualifying Service Revenue in Verizon New York ($\$2,000,000 * 12$) resulting in a revised TDM Annual Revenue Commitment of \$101,000,000 ($\$125,000,000 - \$24,000,000$).

(N)

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32. Contract Tariffs (Cont'd)21.66 Contract Tariff Option 65 (Cont'd)

(N)

(L) Termination of Plan

The customer may terminate its subscription to this Option 65 at any time during the Service Period. The customer must provide written notice of termination at least ninety (90) calendar days prior to the requested date of termination. Termination of the customer's subscription to this Option 65 shall be an automatic termination of the customer's subscription to Option 65 of FCC 1 and Option 34 of FCC 14.

(x)
(x)

If the Customer terminates or cancels its subscription to this Option 65 at any time during the Service Period for any reason, or if the customer fails to comply with the terms or conditions set forth herein, then the Customer shall pay to the Telephone Company by no later than thirty (30) calendar days after such date of termination or non-compliance an amount equal to the following percentage of all Billing Credits paid under this Option 65, Option 65 of FCC 1, and Option 34 of FCC 14 through the date of termination.

(x)

<u>Month of Termination/ Non-Compliance</u>	<u>Termination Percentage</u>
1-12	100%
13-24	60%
25-36	40%

Additionally, the Customer will not receive any Billing Credits after receipt of notice of termination.

(M) Suspension of True-Ups During Service Period

During the Service Period of Option 65, the Parties agree to suspend the true-up requirements for the Services provided under this tariff, FCC 1 and FCC 14, including any shortfall payments or penalties that would otherwise result for failure to maintain volume commitments under the Commitment Discount Plan (FCC 1 and FCC 11, Section 25.1.7), and the DSL Term Volume Plan (FCC 14, Section 5.6.14(G)-(I)). Upon termination of Option 65 for any reason, the true-up process will be re-activated for the underlying Existing Plans.

(x)
(x)
(x)
(x)
(N)

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EXHIBIT 19

Verizon Tariff F.C.C. No. 14, Section 21.35,
Contract Tariff Option 34 (Feb. 27, 2014)

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FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)21.35 Contract Tariff Option 34

(N)

(A) Scope

Contract Tariff Option 34 (**Option 34**) provides a customer with certain aggregate discounts and Billing Credits (as defined following) on certain services offered by the Telephone Company when the customer satisfies the criteria as set forth in this Option 34.

(B) Specific Terms

Unless otherwise defined in this Section 21.35, the following terms are used in this Option 34:

- (1) **Alternative Tariff Arrangement** shall mean, collectively, any other generally available tariff arrangement, contract tariff option, specialized service or arrangement, or Individual Case Basis (ICB) tariff arrangement offered by the Telephone Company and available to the customer pursuant to this tariff with respect to any of the services covered by this Option 34.
- (2) **BANs** shall mean Billing Account Numbers of the customer which shall be used to provide the Billing Credits to the customer.
- (3) **Billed DS1 Service Revenue** shall mean, with respect to each month during the Service Period, the Qualifying Monthly Recurring Charges (as defined in (F) following) billed under one of the Customer ACNAs provided under (C)(3) following and which were paid in full by the customer for DS1 Qualifying Services for the applicable Quarter.
- (4) **Billed DS1 Unit with Mileage** shall mean, with respect to each month during the Service Period, a DS1 Unit for which the Telephone Company billed Qualifying Monthly Recurring Charges (as defined in (F) following) under one of the Customer ACNAs provided under (C)(3) following for that month and for which a portion of the Qualifying Monthly Recurring Charges includes Billed DS1 Mileage Charges.
- (5) **Billed DS1 Unit without Mileage** shall mean, with respect to each month during the Service Period, a DS1 Unit for which the Telephone Company billed Qualifying Monthly Recurring Charges (as defined in (F) following) under one of the Customer ACNAs provided under (C)(3) following for that month and for which none of the Qualifying Monthly Recurring Charges includes Billed DS1 Mileage Charges.
- (6) **Billed DS1 Mileage Charges** shall mean, with respect to each month during the Service Period, the Qualifying Monthly Recurring Charges for DS1 Mileage billed under one of the Customer ACNAs provided under (C)(3) following.

(N)

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FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)21.35 Contract Tariff Option 34 (Cont'd)

(N)

(B) Specific Terms (Cont'd)

- (7) **Billed DS3 CLF Service Revenues** shall mean, with respect to each month during the Service Period, the Qualifying Monthly Recurring Charges billed under one of the Customer ACNAs provided under (C)(3) following and which are paid in full by the Customer for Special Access DS3 CLF Services for the applicable Quarter.
- (8) **Billed DS3 CLS Service Revenues** shall mean, with respect to each month during the Service Period, the Qualifying Monthly Recurring Charges billed under one of the Customer ACNAs provided under (C)(3) following and which are paid in full by the Customer for Special Access DS3 CLS Services for the applicable Quarter.
- (9) **Billed DS3 CLF Unit** shall mean, with respect to each month during the Service Period, a DS3 CLF Unit for which the Telephone Company billed Qualifying Monthly Recurring Charges (as defined in (F) following) under one of the Customer ACNAs provided under (C)(3) following for that month.
- (10) **Billed DS3 CLS Unit** shall mean, with respect to each month during the Service Period, a DS3 CLS Unit for which the Telephone Company billed Qualifying Monthly Recurring Charges (as defined in (F) following) under one of the Customer ACNAs provided under (C)(3) following for that month.
- (11) **Billed Facilities Management Services (FMS) Revenue** shall mean, with respect to each month during the Service Period, the Qualifying Monthly Recurring Charges billed under one of the Customer ACNAs provided under (C)(3) following and which were paid in full by the Customer for Special Access Facilities Management Services.
- (12) **Billed Qualifying Service Revenue** shall mean each of Billed DS1 Service Revenue, Billed DS3 CLF Service Revenue, Billed DS3 CLS Service Revenue, and Billed FMS Revenue.
- (13) **Billed Qualifying Service Units** shall mean Billed DS1 Units with Mileage, Billed DS1 Units without Mileage, Billed DS3 CLF Units, and Billed DS3 CLS Units.
- (14) **Billing Credits** shall mean, collectively, the Quarterly DS1 Flat Rate Credit, the Quarterly DS3 CLF Flat Rate Credit, and the Quarterly DS3 CLS Flat Rate Credit offered to Customer pursuant to this Option 34. Calculation of applicable Billing Credits is described in (G) following.
- (15) **Disputed Charges** shall mean Qualifying Monthly Recurring Charge amounts billed for any time period during the Service Period that are under dispute, regardless of whether the amounts have been paid in full by Customer.

(N)

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FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)21.35 Contract Tariff Option 34 (Cont'd)(B) Specific Terms (Cont'd)

- (16) **DS1 Mileage** shall mean the special transport for DS1 Services (as described in Section 5.1.1(B) of this tariff, channel mileage for DS1 Services (as described in Section 7.1.2(B) of FCC Tariff No. 1 (FCC 1) and Section 7.1.2(B) of FCC Tariff No. 11 (FCC 11), and circuit mileage for DS1 Services (as described in Section 7.2.1(B) of FCC Tariff No. 16 (FCC 16)). (x)
- (17) **DS1 Average Mileage** shall mean the total DS1 Mileage billed to Customer for a given time period divided by the Billed DS1 Units with Mileage for that same time period.
- (18) **DS1 Unit** shall mean Special Access DS1 Services that meet the following definitions: (i) a DS1 "Special Access Line" as defined in Section 5.1.1(C) of this tariff, (ii) a DS1 "Channel Termination" as defined in FCC 1, Section 7.1.2(A), (iii) a DS1 "Channel Termination" as defined in FCC 11, Section 7.1.2(A), and (iv) a DS1 "Circuit Termination" as defined in FCC 16, Section 7.2.1(A). Fractions of a "DS1 Unit" are not counted as a "DS1 Unit". (x)
- (19) **DS3 CLF Unit** shall mean an individual Special Access DS3 Services circuit that has a facilities formatted circuit identifier in accordance with the Common Language Circuit Identifier (CLCI) format administered by Telcordia (e.g., 967 T3Z PITBPADTHPE PITBPADTK18).
- (20) **DS3 CLS Unit** shall mean an individual Special Access DS3 Services circuit that has a serial number formatted circuit identifier in accordance with the Common Language Circuit Identifier (CLCI) format administered by Telcordia (e.g., 95.HFGS.634683..NE).
- (21) **Flat Rate** shall mean the flat rate monthly recurring charge that applies per Billed Qualifying Service Unit, per service type (i.e., DS1 with mileage, DS1 without mileage, DS3 CLF, and DS3 CLS), for a given Plan Year, each such charge being the charge that the Parties agree results from the application of the rate calculation methodology set forth in (G)(1)(a) following.
- (22) **Plan Year** shall mean each of the following periods during the Service Period: (1) Plan Year 1 shall commence on March 1, 2014 and end on February 28, 2015; (2) Plan Year 2 shall commence on March 1, 2015 and end on February 29, 2016; (3) Plan Year 3 shall commence on March 1, 2016 and end on February 28, 2017.
- (23) **Quarter** shall mean either of the following periods, as applicable: (i) the first (1st) Quarter of each Plan Year is the period beginning with the first date of the applicable Plan Year and ending on the last calendar day of the second month after the month in which the first date occurs (i.e., approximately ninety (90) days thereafter); or (ii) each consecutive three (3) month period thereafter commencing on the first day of the calendar month following the end of the prior Quarter and ending on the last calendar day of the second month after the month in which the first day occurs.
- (24) **Special Access DS1 Services** shall mean DS1 Services of 1.544 Mbps bandwidth, as described in Section 5.3.6 of this tariff, FCC 1 (Section 7.2.9), FCC 11 (Section 7.2.9), and FCC 16 (Section 7.11.1). (x)

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FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)21.35 Contract Tariff Option 34 (Cont'd)(B) Specific Terms (Cont'd)

- (25) **Special Access DS3 CLF Services** shall mean DS3 Services of 44.736 Mbps bandwidth, as described in Section 5.3.6 of this tariff, FCC 1 (Section 7.2.9), FCC 11 (Section 7.2.9), and FCC 16 (Section 7.11.1) which has a facilities formatted circuit identifier in accordance with the Common Language Circuit Identifier (CLCI) format administered by Telcordia (e.g., 967 T3Z PITBPADTHPE PITBPADTK18). (x)
- (26) **Special Access DS3 CLS Services** shall mean DS3 Services of 44.736 Mbps bandwidth, as described in Section 5.3.6 of this tariff, FCC 1 (Section 7.2.9), FCC 11 (Section 7.2.9), and FCC 16 (Section 7.11.1) which has a serial number formatted circuit identifier in accordance with the Common Language Circuit Identifier (CLCI) format administered by Telcordia (e.g., 95.HFGS.634683.NE). (x)
- (27) **Special Access Facilities Management Services** shall mean FMS Services as described in Section 7.2.13 of FCC 1 and Section 7.2.16 of FCC 11. (x)
- (28) **TDM Annual Revenue Commitment** shall mean the annual minimum required Billed Qualifying Service Revenues and shall be equal to \$84,000,000.

(C) Eligibility

The customer must meet all of the following criteria in order to be eligible to receive the Billing Credits and other benefits of this Option 34. All references to amounts represented in dollars followed by the letter "M" shall refer to such number in millions (e.g., \$10M shall mean \$10,000,000).

- (1) As of March 1, 2014, the customer must:
- (a) have billed a minimum of \$10M of Billed Qualifying Service Revenue for the thirty (30) days immediately prior to March 1, 2014 and between Twenty-Five Thousand (25,000) and Sixty Thousand (60,000) Billed DS1 Units;
- (b) be subscribed to the Commitment Discount Plan (Section 25.1 of FCC 1 and FCC 11, Section 25.1), and the DS1 Term Volume Plan (Section 5.6.14(G) of this tariff) (**Existing Plans**); (x)
- (c) not have been required in connection with the most recent true-up to pay any shortfall payments or penalties as a result of a failure to maintain volume commitments, under any of the Existing Plans;
- (d) have been subscribed to Option 29 of this tariff, Option 55 of FCC 11, and Option 57 of FCC 1 immediately prior to execution of this Option 34. (x)

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FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)21.35 Contract Tariff Option 34 (Cont'd)

(N)

(C) Eligibility (Cont'd)

- (2) Except for Existing Plans, Customer may not concurrently subscribe to an Alternative Tariff Arrangement which provides discounts, credits, or other reductions in rates or terms based upon the achievement of total billed revenue. If Customer wishes to subscribe to such an Alternative Tariff Arrangement, then Customer shall not receive any Discounts and Billing Credits under this Option 34, and such subscription shall be considered a termination by Customer of this Option 34, subject to (L) following.
- (3) The customer must subscribe to this Option 34 in a manner designated by the Telephone Company during the thirty (30) day period beginning March 1, 2014 and ending March 31, 2014. Such subscription must include a list of the customer's access customer name abbreviations (Customer ACNA(s)) that the Telephone Company agrees to, in writing, for inclusion in this Option 34. Subscription to this Option 34 shall be an automatic subscription to Option 65 of FCC 1 and Option 65 of FCC 11.

(x)
(x)

(D) Service Period

The Service Period of this Option 34 shall commence on March 1, 2014 and end on February 28, 2017.

(E) Serving Area

The Billing Credits will be provided only in the Metropolitan Statistical Areas (**MSAs**) that have achieved Phase I or Phase II pricing flexibility under this tariff, FCC 1, and FCC 11. Wire centers for the Phase II MSAs are listed in Section 19.1 preceding of this tariff, Section 14.7 of FCC 1, and Section 15.3 of FCC 11. Any additions of, or changes to, the MSAs (including changes to wire centers or Level 1/Level 2 pricing status as described in Section 19.1 preceding of this tariff, Section 14.7 of FCC 1, and Section 15.3 of FCC 11) that occur during the Service Period will apply. No Billing Credits will be provided in the operating territories of FCC 16.

(x)
(x)
(x)
(x)
(x)

(F) Qualifying Monthly Recurring Charges

Subject to the exclusions set forth following as well as all other terms of this Option 34 (includes Disputes following), Qualifying Monthly Recurring Charges include total monthly recurring charges (**MRCs**) billed to Customer with respect to a particular service for a particular timeframe. Qualifying Monthly Recurring Charges do not include any of the following (among other items that are not MRCs, the following list by way of example only):

(N)

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21. Contract Tariffs (Cont'd)21.35 Contract Tariff Option 34 (Cont'd)

(N)

(F) Qualifying Monthly Recurring Charges (Cont'd)

- (1) Nonrecurring charges, surcharges, late payment charges, credits (including any credits provided under the Contract Tariffs), fractional debit/credit amounts, adjustments, minimum period charges, termination liabilities, or any other billings other than billed amounts that are applied on a recurring monthly basis for the applicable Quarter of the Service Period.
- (2) Taxes, or other charges imposed by a federal, state, local, or other governmental entity (e.g., Federal Universal Service Fund);
- (3) Service or administrative fees or charges imposed by the Telephone Company (e.g., interest penalty, late payment penalty);
- (4) Any amount that appears in the "Other Charges and Credits" section of the Telephone Company's invoice;
- (5) Any other billed amount for which payment is being withheld or under dispute by the Customer or that is otherwise a Disputed Charge; provided, however, that if an amount would have been included in Qualifying Monthly Recurring Charges but for the fact that it was disputed, and if such dispute is then resolved in favor of the Customer, then the amount credited to Customer as a result of such resolution shall be included in Qualifying Monthly Recurring Charges in the Quarter in which Verizon issues such credit; and
- (6) Shortfall or overage charges associated with term plan true-ups (e.g., charges assessed for failure to satisfy commitment levels).

(G) Quarterly Review; Calculation and Payment of Billing Credits

- (1) The Flat Rate pricing for the Services set forth in Tables 1 and 2 following is achieved by providing a DS1 Flat Rate Credit, a DS3 CLF Flat Rate Credit, and a DS3 CLS Flat Rate Credit.

(a) Calculation of Flat Rates

The DS1 Flat Rates without Mileage and the DS3 CLS Flat Rates for each Plan Year will be equal to a fixed percentage of the benchmark (as specified in (G)(1)(c) following) average revenue per DS1 Unit (**DS1 ARPU**) and DS3 CLS Unit (**DS3 CLS ARPU**), respectively. The DS3 CLF Flat Rates will be equal to a fixed percentage of the applicable DS3 CLS Flat Rate. The DS1 Flat Rates with Mileage will be equal to a fixed percentage of the DS1 Flat Rate without Mileage and will be based upon DS1 Average Mileage tiers. A more detailed description of the calculation of the DS1 Flat Rates without Mileage is provided in Table 2 following.

(N)

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FACILITIES FOR INTERSTATE ACCESS

21. Contract Tariffs (Cont'd)21.35 Contract Tariff Option 34 (Cont'd)

(G) Quarterly Review; Calculation and Payment of Billing Credits (Cont'd)

(1) (Cont'd)

(b) Calculation of Quarterly Billing Credits

The dollar amount of the quarterly Billing Credits shall be determined as follows:

- (i) The Telephone Company shall determine on a Quarterly basis the Billed Qualifying Service Revenue and Billed Qualifying Service Units for each Service, and the Average DS1 Mileage for Billed DS1 Units with Mileage.
- (ii) The DS3 CLF Flat Rate Credit and the DS3 CLS Flat Rate Credit will be in an amount equal to the applicable Billed Qualifying Service Revenue (i.e., Billed Qualifying DS3 CLF Service Revenue and Billed Qualifying DS3 CLS Service Revenue) for the applicable Quarter minus the applicable flat rate revenue (i.e., applicable Billed Qualifying Service Units (i.e., Billed DS3 CLF Units and Billed DS3 CLS Units) multiplied by the applicable flat rate for the Plan Year from Table 1).

Table 1: Flat Rates

Qualifying Service	Plan Year 1 Flat Rate	Plan Year 2 Flat Rate	Plan Year 3 Flat Rate
DS1 Units without Mileage	61.06% of DS1 ARPU	60.25% of DS1 ARPU	59.43% of DS1 ARPU
DS3 CLF Units	60.61% of DS3 CLS Plan Year 1 Flat Rate	60.67% of DS3 CLS Plan Year 2 Flat Rate	61.11% of DS3 CLS Plan Year 3 Flat Rate
DS3 CLS Units	54.00% of DS3 CLS ARPU	53.67% of DS3 CLS ARPU	53.02% of DS3 CLS ARPU

- (iii) The DS1 Flat Rate Credit will be an amount equal to the Billed Qualifying DS1 Service Revenue for the applicable Quarter minus the sum of the Billed DS1 Units without Mileage for the applicable Quarter multiplied by the applicable flat rate for the Plan Year from Table 1 plus the Billed DS1 Units with Mileage for the applicable Quarter multiplied by the applicable flat rate for the Average DS1 Mileage for the applicable Quarter from Table 2.

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21. Contract Tariffs (Cont'd)21.35 Contract Tariff Option 34 (Cont'd)(G) Quarterly Review; Calculation and Payment of Billing Credits (Cont'd)

(1) (Cont'd)

(b) Calculation of Quarterly Billing Credits (Cont'd)**Table 2: Flat Rates (DS1 Units with Mileage)
Applicable to All Plan Years**

Minimum Average DS1 Mileage	Maximum Average DS1 Mileage	Flat Rate MRC
0	7.24	107.33% of DS1 Units without Mileage Plan Year 1 Flat Rate
7.25	8.99	108.00% of DS1 Units without Mileage Plan Year 1 Flat Rate
9.00	10.74	108.67% of DS1 Units without Mileage Plan Year 1 Flat Rate
10.75	12.49	110.67% of DS1 Units without Mileage Plan Year 1 Flat Rate
12.50	14.24	112.67% of DS1 Units without Mileage Plan Year 1 Flat Rate
14.25	15.99	114.67% of DS1 Units without Mileage Plan Year 1 Flat Rate
16.00	17.74	116.00% of DS1 Units without Mileage Plan Year 1 Flat Rate
17.75	+	117.33% of DS1 Units without Mileage Plan Year 1 Flat Rate

(c) Calculation of Benchmark Average Revenues

The benchmark average revenues per unit will be established at the time of subscription to Option 34 and will be calculated as follows:

(i) **DS1 ARPU** shall be calculated as follows:

- Step 1 Sum the Billed DS1 Service Revenue for October 2013, November 2013, and December 2013.
- Step 2 Sum the Billed FMS Revenue for October 2013, November 2013, and December 2013.
- Step 3 Multiply the total calculated in Step 2 by the percentage of Billed FMS Revenue that is attributable to DS1 transport and multiplexing.
- Step 4 Sum the amounts calculated in Step 1 and Step 3.
- Step 5 Sum the Billed DS1 Units with Mileage and Billed DS1 Units without Mileage for October 2013, November 2013, and December 2013.
- Step 6 Divide the amount calculated in Step 4 by the amount calculated in Step 5.

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21. Contract Tariffs (Cont'd)21.35 Contract Tariff Option 34 (Cont'd)(G) Quarterly Review; Calculation and Payment of Billing Credits (Cont'd)

(1) (Cont'd)

(c) Calculation of Benchmark Average Revenues (Cont'd)(ii) **DS3 CLS ARPU** shall be calculated as follows:

- Step 1 Sum the Billed DS3 CLS Service Revenue exclusive of amounts included in the definition of Billed FMS Revenues for October 2013, November 2013, and December 2013.
- Step 2 Sum the Billed FMS Revenue for October 2013, November 2013, and December 2013.
- Step 3 Multiply the total calculated in Step 2 by the percentage of Billed FMS Revenue that is attributable to DS3 CLS transport and channel terminations.
- Step 4 Sum the amounts calculated in Step 1 and Step 3.
- Step 5 Sum the Billed DS3 CLS Units for October 2013, November 2013, and December 2013.
- Step 6 Divide the amount calculated in Step 4 by the amount calculated in Step 5.

(iii) Illustrative Example:

Assume the following information for all scenarios in this Section 21.35(G)(1)(c)(iii):

	DS1 ARPU	DS3 CLS ARPU
Billed Qualifying Service Revenue	\$5,000,000; \$5,000,000; and \$5,000,000	\$2,000,000; \$2,000,000; and \$2,000,000
Billed Qualifying DS3 CLS Revenue from FMS USOCs	N/A	\$10,000; \$10,000; and \$10,000
Billed FMS Revenue	\$5,000,000; \$5,000,000; and \$5,000,000	
Billed FMS Revenue Allocation Percentage	34.21%	36.08%
Billed Qualifying Service Units (includes both Billed DS1 Units with Mileage and Billed DS1 Units without Mileage)	25,000; 25,000; and 25,000	1,100; 1,100; and 1,100

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21. Contract Tariffs (Cont'd)21.35 Contract Tariff Option 34 (Cont'd)

(N)

(G) Quarterly Review; Calculation and Payment of Billing Credits (Cont'd)

(1) (Cont'd)

(c) Calculation of Benchmark Average Revenues (Cont'd)

(iii) Illustrative Example: (Cont'd)

Scenario 1: DS1 ARPU would be calculated as follows:Step 1: Total Billed Qualifying DS1 Service Revenue is \$15,000,000 ($\$5,000,000 \times 3$).Step 2: Billed FMS Revenue is \$15,000,000 ($\$5,000,000 \times 3$).Step 3: Billed FMS Revenue allocated to DS1 transport and multiplexing is \$5,131,500 ($\$15,000,000 \times 34.21\%$).Step 4: Total DS1 Revenue is \$20,131,500 ($\$15,000,000 + \$5,131,500$).Step 5: DS1 Billed Units are 75,000 ($25,000 \times 3$).Step 6: DS1 ARPU is \$268.42 ($\$20,131,500 / 75,000$).**Scenario 2:** DS3 CLS ARPU would be calculated as follows:Step 1: Total Billed Qualifying DS3 CLS Service Revenue exclusive of amounts billed to FMS USOCs is \$5,970,000 ($(\$2,000,000 \times 3) - \$10,000 \times 3$).Step 2: Billed FMS Revenue is \$15,000,000 ($\$5,000,000 \times 3$).Step 3: Billed FMS Revenue allocated to DS3 CLS transport and channel terminations is \$5,412,000 ($\$15,000,000 \times 36.08\%$).Step 4: Total DS3 CLS Revenue is \$11,382,000 ($\$5,970,000 + \$5,412,000$).Step 5: DSL CLS Billed Units are 3,300 ($1,100 \times 3$).Step 6: DS3 CLS ARPU is \$3,449.09 ($\$11,382,000 / 3,300$).

(N)

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21. Contract Tariffs (Cont'd)21.35 Contract Tariff Option 34 (Cont'd)

(G) Quarterly Review; Calculation and Payment of Billing Credits (Cont'd)

(1) (Cont'd)

(d) Calculation of Quarterly DS1 Flat Rate Credit

Customer will receive the applicable discounted flat rate pricing for all Billed DS1 Units with Mileage and all Billed DS1 Units without Mileage during each Quarter of each Plan Year of the Service Period. The Billed DS1 Units with Mileage and Billed DS1 Units without Mileage shall be billed on a monthly basis at the applicable tariff rates, and the Telephone Company shall provide the Quarterly DS1 Flat Rate Credit equal to the difference between the tariff rates and the pricing set forth herein:

(i) Example of Calculation of Quarterly DS1 Flat Rate Credit:

Assume the following information for Quarter 1 of Plan Year 3:

	Quarter 1 of Plan Year 3
DS1 ARPU	\$268.42
Billed DS1 Units with Miles	18,000; 18,000; and 19,000
Average DS1 Mileage	15.00
Billed DS1 Units without Miles	7,000; 7,000; and 6,000
Total Billed Qualifying DS1 Service Revenue	\$15,000,000

Based on the above assumptions:

Step 1: The Plan Year 3 flat rate for DS1 Units with Miles is \$152.14 ($\$268.42 \times 49.43\% \times 114.67\%$).

Step 2: The Plan Year 3 flat rate for DS1 Units without Miles is \$132.68 ($\$268.42 \times 49.43\%$).

Step 3: The total Billed DS1 Units with Miles for the Quarter are 55,000 (18,000 + 18,000 + 19,000).

Step 4: The total Billed DS1 Units without Miles for the Quarter are 20,000 (7,000 + 7,000 + 6,000).

Step 5: The Quarterly DS1 Flat Rate Credit due under this Option 65 equals \$3,978,700 ($\$15,000,000 - ((20,000 \times \$132.68) + (55,000 \times \$152.14))$).

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21. Contract Tariffs (Cont'd)21.35 Contract Tariff Option 34 (Cont'd)

(G) Quarterly Review; Calculation and Payment of Billing Credits (Cont'd)

(1) (Cont'd)

(e) Calculation of Quarterly DS3 CLF Flat Rate Credit

Customer will receive the applicable discounted flat rate pricing set forth in this Option 34 for all Billed DS3 CLF Units during each Quarter of each Plan Year of the Service Period. The Billed DS3 CLF Units shall be billed on a monthly basis at the applicable tariff rates, and the Telephone Company shall provide the Quarterly DS3 CLF Flat Rate Credit, which shall be a contra credit (i.e., debit) equal to the positive difference between the tariff rates and the pricing set forth herein.

(i) Example of Calculation of Quarterly DS3 CLF Billing Credit:

Assume the following information for Quarter 1 of Plan Year 3:

	Quarter 1 of Plan Year 3
DS3 CLS ARPU	\$3,449.09
Billed DS3 CLF Units	1,000; 1,000; and 1,000
Total Billed Qualifying DS3 CLF Service Revenue	\$3,000,000

Based on the above assumptions:

Step 1: The Plan Year 3 flat rate for DS3 CLF Units is \$1,117.52 ($\$3,449.09 \times 53.02\% \times 61.11\%$).

Step 2: The total Billed DS3 CLF Units for the Quarter are 3,000 (1,000 + 1,000 + 1,000).

Step 3: The Quarterly DS3 CLF Flat Rate Credit due under Option 65 equals $(\$352,560)(\$3,000,000 - (3,000 \times \$1,117.52))$.

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